

Message Text

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ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 CAB-02 CIAE-00 COME-00
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E.O. 11652: N/A
TAGS: EAIR, MX, US
SUBJECT: CIVAIR - USER CHARGES

REF: MEXICO 10487 AND PREVIOUS

1. REFTEL REPORTED POSSIBILITY OF A NEGOTIATED SETTLEMENT ON LANDING FEE PROBLEM IN THE EVENT THE INTERNATIONAL AIRLINES WITHDREW REQUEST FOR COURT INJUNCTION. MEETING OF CAMARA DE AEROTRANSPORTES SUBSEQUENTLY VOTED 13-10 IN FAVOR OF DISCONTINUING THE COURT CASE IN ORDER TO SET THE STAGE FOR NEGOTIATIONS WITH ASA'S LOAFZA AND DIRECCION DE TARIFAS TERMINALES AND SERVICIOS CONEXOS. SETTLEMENT REACHED ON JULY 5, 1977, CALLS FOR 50 PERCENT INCREASE IN PRESENT TARIFF EFFECTIVE JULY 1, 1977, A 15 PERCENT HIKE JULY 1, 1978, AND 20 PERCENT BEGINNING JULY 1, 1979, FOR A CUMULATIVE INCREASE OF APPROXIMATELY 107 PERCENT. TARIFFS ARE TO BE QUOTED IN PESOS RATHER THAN DOLLARS. LANDING FEE TARIFFS FOR DOMESTIC FLIGHTS ARE NOT AFFECTED AND REMAIN AS BEFORE.

2. SEVERAL U.S. AIRLINE REPS. STATED THE INTERNATIONAL AIR CARRIERS RECEIVED THE SHORT END OF THE STICK, BUT UNDER THE CIRCUMSTANCES--THERE HAVE BEEN NO LANDING FEE INCREASES
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SINCE 1973 AND THE CHANGES IN THE PESO/DOLLAR PARITY -- THE NEGOTIATED THE BEST DEAL THEY COULD. EVEN SO, QUESTIONS AS TO WHETHER THE INCREASES ARE EXCESSIVE AND WHETHER COSTS ARE APPORTIONED AMONG CARRIERS IN AN EQUITABLE MANNER REMAIN TO BE ANSWERED. WITH RESPECT TO THE FORMER THE ANSWER APPEARS TO BE YES (SEE PARA 3 BELOW) AND TO THE LATTER, NO. TO DATE, THE EMBASSY HAS NOT

RECEIVED THE PROMISED DATA JUSTIFYING THE INCREASE IN THE TARIFF, AND WE DO NOT EXPECT TO AS THE OFFER WAS APPARENTLY A MEANINGLESS GESTURE MADE TO BUY TIME. THE FACT THAT THE NEGOTIATED SETTLEMENT RESULTS IN THE CREATION OF A DOUBLE LANDING FEE TARIFF SYSTEM WITH INTERNATIONAL CARRIEIS PAYING HIGHER FEES THAN DOMESTIC FLIGHTS, MOREOVER, PLACES GREATER ECONOMIC BURDEN ON THE FORMER.

3. ASA HAS RESPONSIBILITY FOR THE OPERATION OF 47 AIRPORTS NATIONWIDE OF WHICH 27 ARE DESIGNATED INTERNATIONAL. OF THE LATTER, MAYBE THREE OR FOUR ARE IMPORTANT FROM THE STANDPOINT OF GENERATING REVENUE. ALL THE REST CAN BE CHARACTERIZED AS MARGINAL OPERATIONS. TAMPICO AIRPORT, FOR EXAMPLE, HAS ONLY TWO OR THREE COMMERCIAL FLIGHTS DAILY. ASA THEREFORE HAS TO RELY ON REVENUE EARNED AT ITS HIGH VOLUME FACILITIES SUCH AS MEXICO CITY AND ACAPULCO IN ORDER TO COVER OVERHEAD ELSEWHERE. LANDING FEES, ACCORDING TO ASA DIRECTOR LOAEZA, REPRESENT 65 PERCENT OF ASA'S REVENUE. UNFORTUNATELY, REVENUE HAS BEEN INSUFFICIENT TO COVER COSTS OF MAINTAINING A NATIONWIDE SYSTEM OF AIRPORTS. MOREOVER, THIS SITUATION REPORTEDLY HAS BEEN AGGRAVATED BECAUSE THE INTERNATIONAL AND DOMESTIC AIRPORT USER FEES PAID BY PASSENGERS, WHICH WERE DOUBLED ONLY A FEW MONTHS AGO AND GENERATE APPROXIMATELY \$10-\$15 MILLION ANNUALLY, GO DIRECTLY TO THE MEXICAN TREASURY RATHER THAN ASA. AS A RESULT ASA HAS HAD TO LOOK FOR ADDITIONAL REVENUE AND INCREASING INTERNATIONAL LANDING FEES APPARENTLY WAS THE LIMITED OFFICIAL USE

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MOST VIABLE MEANS BOTH FROM A POLITICAL AND ECONOMIC STANDPOINT. THAT DOMESTIC LANDING FEES WERE NOT RAISED IS MOST REVEALING WITH RESPECT TO ASA'S POLICY.

4. BECAUSE OF THE FOREGOING, EMBASSY BELIEVES CONCERNED WASHINGTON AGENCIES SHOULD MAKE A COMPLETE REVIEW OF THE SITUATION, INCLUDING RAMSA (RADIO AERONAUTICA MEXICANA, S.A.) AIR TRAFFIC CONTROL CHARGES AND NACOA (NACIONAL DE CONBUSTIBLE DE AVIACION, S.A.) AVIATION GASOLINE OPERATIONS. SCUTTLEBUTT HAS IT THAT BOTH AEROMEXICO AND MEXICANA RECEIVE MORE FAVORABLE TREATMENT THAN INTERNATIONAL CARRIERS AT BILLING TIME. INTERESTINGLY, THE TWO NATIONAL AIR CARRIERS REPORTEDLY ARE NACAO STOCKHOLDERS.

5. EMBASSY IS NOT SURE JUST HOW MUCH MEANINGFUL DATA WE CAN DEVELOP LOCALLY. MOREOVER, WE DO NOT BELIEVE THE GOM OR THE CONCERNED LOCAL AGENCIES WILL BE COOPERATIVE IN ANY ENDEAVOR WHICH CALLS INTO QUESTION THEIR PRACTICES OR POLICIES WHICH THEY VIEW AS PURELY DOMESTIC MATTERS NOT SUBJECT TO OUTSIDE SCRUTINY. IT WOULD APPEAR THE BEST SOURCE OF INFORMATION MAY BE THE HEADQUARTERS OF THE U.S. AIRLINES THEMSELVES --- PANAM, BRANIFF, TEXAS INTERNATIONAL,

HUGHES AIR WEST, EASTERN, AMERICAN AND WESTERN. LUCEY

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